

truck safety standards. Although this is primarily a Mexico-U.S. dispute, an indirect result is that at least one Canadian trucking company has been prevented from operating in Mexico. The Canadian Government is pressing Mexico to fulfill its NAFTA trucking obligations to Canada and has joined a NAFTA Chapter Twenty panel as an interested third party.

More generally, substantial progress has been made in harmonizing technical standards for motor carriers under NAFTA Chapter Nine. Canadian transport officials will continue this work with their U.S. and Mexican counterparts, in anticipation of the eventual opening of the U.S.-Mexico border to trucking services.

Telecommunications

A number of Canadian telecommunications companies are doing business in Mexico. With the conclusion of the ABT at the WTO, access for the supply of services to Mexico has increased, offering more opportunities to Canadian businesses. Canada will closely monitor Mexico's implementation of its WTO commitments. In addition, Canada will continue to press Mexico to put in place terminal attachment standards that conform to the NAFTA requirements, and to implement conformity-assessment procedures that would allow the acceptance of Canadian test data, as required under Articles 908 and 1304 of the NAFTA. Mexico has made encouraging commitments on both these fronts within the NAFTA Telecommunications Standards Subcommittee. There continues to be a problem, however, with licensing provisions associated with the different types of telecom service operators, due to the insufficient establishment of regulatory guidelines and licensing requirements. In 1999, Canada will continue to encourage Mexico to develop these to allow Canadian companies to take full advantage of the opportunities available in providing telecom services in Mexico.

During the January 1998 Team Canada mission to Mexico, Canada and Mexico renewed their co-operation in the field of telecommunications with the signing of an MOU in the Field of Telecommunications between Industry Canada and Mexico's Secretariat of Telecommunications and Transportation. Both countries have facilitated

rapid growth in this industry by sharing innovative technologies and by collaborating in the development of telecommunications policy and regulations, and wish to pursue co-operation in this dynamic and increasingly important area.

Financial Services

Mexico significantly liberalized its financial services sector under the NAFTA, prompting the Canadian financial services industry to increase its participation in the Mexican market. In conformity with the Agreement, Mexico is gradually removing its market share limitations, most of which will be completely removed by year 2000. Canada is following legislative developments relating to a financial reform package that could have a significant impact on foreign investors' access to the Mexican financial market. Two areas in which Canada is seeking further change relate to (1) access to the Mexican securities sector and (2) the cross-border provision of insurance services.

In the securities sector, while Mexico has no current plans to allow limited scope securities firms, this may be considered in the medium term. Canada will continue encouraging Mexico to establish new categories of securities firms. In the context of a new Mexican pension regime, Canada will also continue encouraging Mexico to open its pension fund market to foreign securities firms. On the insurance side, Canada will be working towards facilitating the provision of seamless insurance transactions for motor carriers involved in cross-border trade between Canada, the United States and Mexico.

Air Services

Canada-Mexico air negotiations took place in October 1998 and February 1999 to develop a modernized Air Services Agreement. The negotiations resulted in the conclusion of a Memorandum of Understanding which provides immediate commercial benefits for both sides to better exploit this well established air travel market. New opportunities and operational flexibility are now available for both scheduled and charter air service providers.